3 January 1947

MEMORANDUM FOR THE DIRECTOR:

Subject: Year-End Report by the Director of Central Intelligence to the National Intelligence Authority.

J believe it appropriate at this first NIA meeting of the new year to give you a very brief report on the current status of CIG.

I have prepared to do this under headings corresponding to the various subdivisions of CIG so that you will be better able to understand the organization as well as the activities of CIG.

PERSONNEL AND ADMINISTRATION OFFICE

Budget informed me that approval had been granted for a CIG budget for the fiscal year 1918. CIG funds will be distributed within the appropriations of

Steps are being taken to correlate all the information necessary for the budget hearings before the Congressional Appropriations Committees which it is hoped will be in executive session with any testimony on highly classified material held to an absolute minimum.

Legislation. At the request of Mr. Clifford, Special Counsel to the President, I submitted to the Mhite House on December 2, 1946 a draft of proposed enabling legislation for CIO. The principal advantages to be derived by CIG from legislation will be an administrative stability. Under the present setup, CIO has encountered trouble in personnel recruitment because of its so-called "unpermanent nature." Also at least one of the intelligence agencies has hesitated to assign responsibilities to CIG on the claim that CIO's life expectancy was Sanitized - Approved For Release: CIA-RDP67-00059A000200010002-6

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so uncertain. Although not included in the original draft, we are now giving consideration to the addition of a section which would give to the Executive Branch of the Overnment as a whole the advantages of an "official secrets act." As you know, War, Navy and FBI in June 1946 submitted to the Justice Department proposals to meet this same problem, but through the process of revising the Espionage Laws.

INTERDEPARTMENTAL COORDINATING AND PLANNING STAFF

As I have informed you before, the CIG Staff for Interdepartmental Coordination and Planning has been holding a continuing series of interagency meetings in the endeavor to accomplish the President's desire "that all Federal foreign intelligence activities be planned, developed, and coordinated so as to assure the most effective accomplishment of the intelligence mission related to the national security." At most of these early meetings, CIC encountered, particularly among subordinate agency officials, a resistance to cooperative undertakings and a strong reluctance to tackle the more fundamental problems of coordination. This desire of the agencies, at least as reflected by their representatives, appeared to be that such problems as the coordination in the general collection field and in the Washington production of finished intelligence should not be touched and that CIG should limit its attention to those subjects which I classify as cats and dogs. These cats and dogs are all, or almost all, minor and unrelated problems which CIG believed would solve themselves if basic policies and objectives were agreed to.

However, since it was impossible to get directly to the heart of the problem, the Planning Staff continued its meetings with agenda

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composed of this miscellaneous collection of agency requests. The procedure was productive inasmuch as agency representatives came to know their opposite numbers, and an understanding of each other's problems was gradually developed. With these understandings came a greater willingness to tackle more serious problems, it having become apparent to all that no one was out to knife anyone else and that an honest and sincere desire did exist to arrive at some logical and workable arrangements. It does not take long to tell of this change of point of view, but it did take CIO six months of almost constant meetings and missionary work to produce the result. At its last meeting the IAB approved in the name of the NIA a statement of overall policies and objectives for the coordination of the collection of intelligence information. The IAB has also requested the preparation of a companion paper on the coordination of the production of finished intelligence. Under paragraph 3 of NIA Directive No. 5 the Director of Central Intelligence is "authorized and directed to act for the NIA in coordinating all Federal foreign intelligence agencies relating to the national security to insure that the overall policies and objectives established by this Authority are properly implemented and executed." Therefore, as and when overall policies and objectives are established, the DCI can prepare and issue Central Intelligence Directives to insure their proper implementation and execution. Such a Directive is now being prepared for the collection program. In so far as possible it will follow the desires of the agency directors. On some points agreement may be impossible in which case the national interest as I see it as interpreted by the established NIA overall

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policies and objectives must prevail.

OFFICE OF REPORTS AND ESTIMATES

Basic Intelligence. The discussions which have taken place in the development of the paper on the coordination of the production of intelligence currently indicate that it is the agencies' desire that the CIG undertake a large part of the responsibility for the preparation, maintenance, and publication of those handbooks containing basic and factual intelligence information which serve as the reference material for war planners, naval strategists and commercial, economic and political policy makers alike. Almost every agency in town which actively participated in the war effort developed agency books of some type to meet agency requirements. It is the current belief that much duplication and unnecessary cost can be eliminated if the foreign intelligence agencies pool their interest and effort in the creation of a single broader book designed to meet all agency requirements. CIG's part of this work will fall to the Office of Reports and Estimates where it will be closely related through the joint use of raw intelligence information to the office's current production of strategic and national policy intelligence.

Strategic and National Policy Intelligence. Constant attention is being given by the Office of Reports and Estimates to an improvement in the intelligence reports which it has been directed to produce. These currently consist of the daily summary which is circulated under the blue cover and which contains summaries of the latest outstanding foreign developments. This daily has as a companion piece the weekly which affords opportunity for longer articles containing more considered evaluative and Approved For Releases & LARDEST 20059A0002090110002-6

as estimates in a special series as and when developments abroad determine their timeliness. A recent adequacy survey has indicated that recipients in the agencies, including those in your personal offices, consider that a worthyaddition is being made to the national intelligence mission by these reports. Such comment and criticism as was received during the survey is being given careful attention in an effort toward further improvement.

Presentation Room. The Office of Reports and Estimates also maintains a Presentation Room where it undertakes the briefing of officials leaving the country. The War and Navy Departments have recently subscribed to a proposal that all official personnel proceeding abroad for intelligence assignments make a visit to CIG as part of their general pre-departure indoctrination. The Presentation Room will be available for this process to answer any questions it may be able on CIG activities, on political, military, and naval matters, and on CIG programs for interagency coordination. In developing this program, it was CIG's intention to inculcate in prospective attaches the idea that the national intelligence mission is a single and integrated one, and that each representative has responsibilities thereunder to agencies other than his own, and that the highest form of team work in the field is necessary in the national interest.

Reference Center. The administrative preliminaries to the creation of an interagency reference center have been underway for some time. Delays have resulted from my desire to initiate the project only when adequate and competent personnel are available, but several related projects which have been given consideration have been so developed

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that when the time comes they will easily fall into the Reference Center pattern. Among these are the Biographic Data Compilation Plan, the Central Contact Register, the Exploitation of Captured Documents, the Coordinated Acquisition of Foreign Publications, and Intelligence on Foreign Industrial Establishments.

Service to SWNCC. By recent agreement, a working arrangement has been developed between CIG and SWNCC on the basis of the understanding that SWNCC is the interagency policy development group while CIG is the interagency intelligence group. A program of liaison has been mutually accepted whereby the CIG will supply to the SWNCC policy formulators such intelligence estimates and other intelligence material as the policy formulators may require in their work.

Despite a similar injunction to CIO in NIA No. 1, no such arrangement has yet been possible with the JCS although the problem of JIC-CIG relationship is still under consideration.

OFFICE OF COLLECTION AND DISSEMINATION

Collection. You have recently received NIA Directive No. 7.

This Directive is the statement of overall policies and objectives for the coordination of collection activities which I mentioned earlier.

As you will have noticed, the implementation of this plan will go far toward insuring the fullest possible use of our collection facilities abroad, the reduction of unnecessary overlap and unproductive duplication. It places final field responsibility for all agency field representatives under the direction of the senior U. S. representative at each post and directs collectors, efforts into specified channels.

The Collection Branch of OCD is now in operation and is processing for the agencies an increasing number of collection requests every month.

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So far, seven Government agencies outside of CIG are requesting collection action by CIG. As the program develops, this service will be extended to all Government agencies concerned in the national security.

I feel that our collection activities are an important contribution to the coordination and improvement of our overall collection procedures.

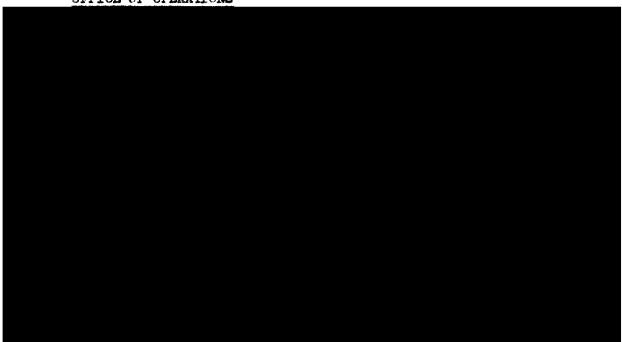
Dissemination. Even the best possible collection and production of foreign intelligence serves no purpose unless the intelligence gets to the proper hands, one of our principal efforts has been in dissemination. During the war, innumerable ad hoc and makeshift arrangements were developed in an attempt to meet this problem. CIG is working as rapidly as possible toward coordinating this effort. Gradually, over the past months, the several agencies of the Government have come more and more to call on GIG to assist in locating and supplying their required intelligence material. Plans are well under way to establish a system for the fastest possible interagency dissemination of incoming intelligence information.

National Intelligence Requirements. Perhaps the slowest progress of all has been encountered in developing what has been called "National Intelligence Requirements." At one of the first interagency meetings, it was agreed by all representatives present that the wartime procedure of undirected intelligence collection from any and all sources on any and all subjects must for budgetary reasons be replaced by some collection program. It was agreed that these programs should be prepared for each of the strategic areas of the world and revised on a quarterly basis. The idea was that although the program as developed in Washington would set forth the reasons for the collection specific Sanitared in Approved Fiet Release of Las Roph 1800 59 A 900 2000 1000 2-6

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would be so worded as to eliminate any danger of slanted reports to reinforce policies or of selecting material transmitted for the same purpose. A trial run was made on National Intelligence Requirements for China. All agencies submitted their quarterly requirements of current intelligence. CIQ combined these four sets of requirements into a single overall document and the matter was presented to the IAB for approval. To date final clearance of the implementing directive has not been obtained and CIQ has, therefore, been unable to take a planned next step of developing these requirements for other areas. It was expected that these statements of requirements would greatly facilitate the work of field agents and give a much needed direction to the efforts of the Office of Special Operations.

OFFICE OF OPERATIONS



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Washington Document Center. At the request of the War and Navy
Departments, CIG accepted the transfer to it as of December 1, 1946 of
the Washington Document Center, an interservice document exploitation

research library of Japanese captured documents formerly under the Sanitized - Approved For Release : CIA-RDP67-00059A000200012002-6

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control of the Chief of Naval Intelligence. This collection has been described by authorities as the most complete documentation ever assembled on the Far East and Siberia and has since its establishment in this country been of immediate value in answering high priority strategic intelligence requirements of the several departments by providing information not available from any other sources.

of complying with the War Department's request that two other captured document centers containing European documents be transferred to CIG.

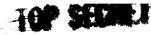


CONCLUSION

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In summary it can be fairly said that CIG has not developed with the speed which I had hoped for when I first became Director of Central Intelligence. It has encountered rough going from several quarters and has been impeded by a lack of clearly defined policy or

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an unwillingness on the part of some agency representatives to accept what to others have been statements of clearly defined policy. This problem is gradually being met by the preparation and promulgation of carefully stated "overall policies and objectives" which should result in a better planned, developed, and coordinated intelligence mission.

on the brighter side, I believe that I can rightly report that a great deal of successful groundwork has been laid in developing interagency understanding and mutual confidence, and appreciation of each other's problems. Over the mouths CIG has gradually built up its organization and procedures so that we are now truly an intelligence operative, even though in an early stage. And the agencies are calling more and more on CIG for intelligence survices and centralized activities. As in most things, agreement among men of good will is possible here when the ghosts are chased out of the corners and an understanding light is directed on the problems. All the ghosts are not yet gone and some agency fears, jealousies, and mistrust are still to be eradicated, but there are indications of an increased tempo in our progress toward the full accomplishment of the President's Directive.

(Comment: Reference Military Affairs Committee Report Office of Special Operations)